

The Students Before Profits Act of 2015

The *Students Before Profits Act* will help protect students from deceptive practices and bad actors in the for-profit college sector. By making sure that students have access to important and accurate information and data, strengthening oversight and regulation, and holding for-profit schools and their executives accountable for violations and poor performance, we can help ensure that taxpayer dollars are being well spent and that students are receiving a quality, affordable education.

The Students Before Profits Act:

- **Authorizes enhanced civil penalties** on institutions and their executive officers if it is determined that the institution misrepresented its cost, admission requirements, completion rates, employment prospects or default rates, and uses those penalties to fund a Student Relief Fund to help defrauded students;
- **Improves oversight of default rate manipulation** by requiring the Secretary of Education to use corrected data to recalculate student loan cohort default rates for institutions of higher education that have engaged in default manipulation and make determinations on whether an institution should be disqualified from participating in financial aid programs;
- **Makes college executives share the risk**, giving the Department of Education broader discretion to require owners and executives to assume personal liability for financial losses associated with Title IV funds and including executives and owners among those against whom the Department can pursue a claim after discharging borrowers' debts;
- **Prevents “repeat offenders”** by prohibiting board members and executive officers of an institution against which the Department has brought an enforcement action from serving in leadership positions at another college.

Too many for-profit colleges and universities take advantage of our neediest students, even as the majority of their revenue comes from federal dollars, leaving students with unsustainable debt, worthless credentials, and poor job prospects. These institutions must be held accountable for delivering a quality education, not just maximizing shareholder profits.

- The for-profit college industry enrolls 12% of all postsecondary school students, but accounts for nearly half of all student loan defaults.
- A Senate HELP Committee investigation found that, on average, for-profit colleges allocate about 23% of revenue to recruiting and marketing, 19% to profit, and just 17% to academic instruction.
- 72% of for-profit programs produce graduates who earn less, on average, than high school dropouts.
- More than 30 State Attorneys General, the CFPB, SEC, FDIC, and DOJ are investigating for-profit colleges for fraudulent practices.
- So far, the Department of Education has forgiven \$40 million in student loan debt held by former Corinthian Colleges students, but taxpayers should not be on the hook. This bill would give the Department new tools to recoup federal dollars from owners and executives who reaped huge profits from the failed college.